

BRAZIL EXPANDS FEDERAL MICROCREDIT PROGRAM; LOWERS INTEREST RATES

National Program of Oriented Productive Microcredit Expected to Reach 3.4 Million Brazilians by 2013

BRASILIA (25 August 2011) – The federal government of Brazil has announced that it will expand its National Program of Oriented Productive Microcredit (PNMPO). With the expansion, the program will be renamed "Growing - National Microcredit Program," and will include new conditions for financing, including lower interest rates and lending targets for public banks. The program will retain its main feature: extending credit opportunities for individual entrepreneurs and micro-enterprises with a turnover of up to R\$ 120,000 annually.

At the end of the first quarter of 2011, the program held R\$ 976.7 million (approximately US\$ 599.7 million) in its loan portfolio, and 908,500 active clients. Of the PNMPO clients, 65.4% were women and most clients (89%) were working in the trade sector. Since April 2005, when the program was first launched, more than 7.8 million microcredit operations have been carried out, for a total of R\$ 10.1 billion in loans (nominal values).

With the expansion of the program will come a significant reduction in interest rates from up to 60% per year down to 8% per year. The fee for opening a line of microcredit is also being reduced, from 3% of the financed amount to 1% of the value of credit.

With these updates to the PNMPO, the government of Brazil hopes to improve the sustainability of credit operations and thus increase the production capacity of microentrepreneurs, in turn generating additional jobs and income in Brazil.

PNMPO credit transactions, which are valued up to R\$ 15,000, can be used for working capital or investment. Payment terms are agreed between the borrower and the financial institutions and may vary based on the type of project and resources used.

More than 3.4 million active clients are expected to be benefiting from the expanded program by the end of 2013. The active portfolio is anticipated to reach R\$ 3.0 billion by the end of that period, with participation from Banco do Brasil, Banco do Nordeste do Brasil, Caixa Econômica Federal and Banco da Amazônia (Basa), as well as any other public or private banks that choose to join the program.

The Brazilian government will match up to R\$ 500.0 million a year to ensure the reduction of interest and the provision of credit guidance services by the financial institutions. The government's matching contribution will be paid monthly by the National Treasury, and will vary month-to-month based on the number, amount and maturity of the operations contracted by the participating banks.

The changes to PNMPO are expected to be fully implemented within 30 days, and at that time, federal public financial institutions will be able to operate within the new conditions. The funds from the National Treasury may be granted to any financial institution that operates under the program's conditions. The government hopes that the revisions to the program will encourage increased private bank participation, ultimately increasing the amount of resources available and the number of entrepreneurs who benefit.

Source: Brazil's Ministry of Finance

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BRAZIL EXPANDS FEDERAL EDUCATION AND RESEARCH NETWORK
Plans for four federal universities, 47 campuses and 208 learning institutes aim to promote social and economic development in historically underserved areas

BRASILIA (23 August 2011) – Brazil is now entering a third phase expansion for its federal education and research network, which will include four new federal universities, 47 campuses and 208 institutes of education, science and technology. These will be built in partnership with Brazilian municipalities, which have agreed to donate the land for the facilities.

This phase of the expansion project, scheduled to take place from 2011 to 2014, is expected to create 250,000 student openings at Brazilian public universities and additional enrollment for 600,000 students in federal institutes of education, science and technology, beginning in 2014.

The expanded educational network is designed to increase access to higher education in Brazil and to help increase the number of qualified professionals in the country. The new educational institutions will be established in areas specifically chosen to help advance social development and income distribution in the country, and will be integrated into large industrial and infrastructure investments and “Local Production Arrangements” (APL), which are clusters of production-focused businesses with and cooperative relationships between each other and with other local agents, such as the government, business associations, financial institutions, and universities.

The regions for the new universities were chosen based on data from the Brazilian Institute of Geography and Statistics (IBGE), and will aim to help alleviate poverty in areas that have historically been underserved, particularly rural areas with low rates of human development in Brazil. The expansion of the federal education network also aims to avoid the formation of large commuter towns.

The program will reach 83 of the 103 cities in Brazil with more than 80,000 inhabitants and less than R\$ 1,000 per capita investment in education per year. The cities were also chosen based on rates of development in basic education (Ideb) and the percentage of youth ages 14 to 18. Other cities that will also receive new facilities generally have high rates of extreme poverty and are municipalities or micro-regions with populations over 50,000 inhabitants.

The federal education and research network also aims to supply all of Brazil’s mid-regions with at least one federal teaching unit.

The federal government of Brazil will invest approximately R\$ 7 million into the development of each professional educational unit, and R\$ 14 million for each university campus.

By 2012, the network aims to complete 20 college campuses located in eight states, and 88 federal education units across 25 states and the Federal District. The remaining universities, campuses and institutes are expected to be complete by the end of 2014.

Of the four new universities, two will be constructed in the state of Bahia, one will be located in Pará, and another in Ceará.

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